

Green Communities Act

Chapter 169 of Acts of 2008

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DOER Reorganization

Establishes the Department of Energy Resources, which replaces the Division of Energy Resources.

Will have three divisions:

- Division of Energy Efficiency,
- Division of Renewable and Alternative Energy Development, and
- Division of Green Communities.

Green Communities

Provide technical and financial assistance to municipalities to implement energy efficiency and renewable activities.

Funding of \$10 million for the Green Communities program is made available through

- RGGI and NOx allowance trading programs;
- efficiency funding from the electric utility System Benefit Charge;
- alternative compliance payments generated through the Renewable Portfolio Standard; and
- the Massachusetts Renewable Energy Trust Fund.

To qualify as a Green Community, a municipality would have to meet various requirements as to siting and permitting of renewable or alternative energy generating facilities and various energy efficiency measures.

Efficiency Competes with Supply

Requires that the Commonwealth's gas and electric needs will be met first through cost-effective energy efficiency and demand reduction resources.

Requires that every three years, distribution companies will prepare efficiency investment plans to be approved by the Department of Public Utilities.

Each plan shall provide for the acquisition of all available efficiency and demand resources that are cost effective or less expensive than supply.

These plans will be subject to vetting through the Energy Efficiency Advisory Council, a new entity appointed and convened by the DPU and chaired by the Commissioner of the Department of Energy Resources.

Long Term Contracts for Renewables

Creates a renewable energy, long-term contracts pilot program (capped at 3% of the electric load) for Massachusetts projects.

For a period of five years starting in 2008, each electric distribution company must solicit proposals from renewable energy developers twice during the period.

If the distribution company receives reasonable, cost-effective proposals for long-term (10 to 15 years) contracts from developers of renewable energy generation facilities, it must enter into such contracts.

This provision creates a new financial incentive for renewable energy.

Utility Ownership of Renewable Power Generation

Allows electric companies and distribution companies to own or operate generation facilities for solar power, but only up to 25 MW for the first year and 50 MW the second and thereafter.

Requires utilities to file with DPU, which must assess the program by 2012, after which the program sunsets.

International Energy Conservation Code

Requires State Board of Building Regulations and Standards to adopt as a minimum standard, within one year of its being updated, the latest edition of the International Energy Conservation Code as part of the State Building Code. (The IECC is updated every three years.)

Net Metering

Encourages small, behind-the-meter wind and solar generation not greater than 2 MW by paying the owners of the renewable generation for the excess electricity they generate at favorable rates.

Allows for energy credits for generation to be transferred to different electric accounts within the utility's service area, and for "neighborhood" net metering, through which credits for renewable generation are shared among neighboring households.

Renewable Energy Portfolio Standard

Increases the requirement on utilities and other electricity suppliers to procure a certain percentage of power from new renewable sources by an additional 1 percent of sales per year, rising from 4 percent in 2009 to 15 percent in 2020, 25 percent in 2030, etc.

A certain percentage (to be determined by DOER) of renewable energy will have to be obtained from new on-site generation (such as wind turbines, solar installations, biomass generators installed principally to meet the electricity needs of a home, business, or institution) less than 2 MW in size.

Class II RPS

Creates a Class II of renewable energy resources subject to minimum mandatory procurement, with the Department of Energy Resources specifying the level of the requirement.

Class II includes generating sources that began commercial operation prior to Dec. 31, 1997 from a variety of renewable energy sources, including solar, wind, ocean; fuel cells; landfill gas; small hydroelectric facilities that meet certain standards; waste-to-energy; low-emission biomass; and geothermal.

Waste-to-energy facilities are considered Class II renewable sources only if they operate or contract for MassDEP-approved recycling programs, with at least 50 per cent of any revenue from Renewable Energy Certificates allocated to recycling.

Alternative Energy Portfolio Standard

New alternative energy portfolio standard will include:

- gasification,
- flywheel storage,
- combined heat and power,
- any facility that substitutes its fossil fuel source with an equal or greater amount of alternative paper-derived fuel source that is BUD-approved by DEP,
- energy efficient steam technology, or
- any other technology approved by DOER.

Coal gasification technology must have the ability to permanently capture and sequester carbon and that DOER, with DEP, shall set emission performance standards and the required procurement level.

Mass. Renewable Energy Trust

Establishes a nine-member governing board (chaired by the Commissioner of DOER) that is charged with creating a detailed five-year strategic plan and annual operating plan for the use of the Massachusetts Renewable Energy Trust Funds.

The governing board would include secretaries of energy and environmental affairs, housing and economic development, and administration and finance; one member of the Mass. Technology Collaborative board of directors; and four members with specified expertise appointed by the Governor.

RGGI

Directs DEP and DOER to adopt rules and regulations to establish a carbon dioxide cap and trade program, on the basis of which Massachusetts will participate in the Regional Greenhouse Gas Initiative (RGGI).

States that substantially all of the RGGI allowances issued under the program will be auctioned.

Creates a RGGI Auction Trust Fund to recover the proceeds from the allowance auction under the program.

The proceeds from the fund are directed for:

- Reimbursing a municipality in which the property tax receipts are reduced as a result of RGGI mandates;
- Funding the Green Communities program;
- Providing zero interest loans to municipalities for energy efficiency projects; and
- Promoting energy efficiency, conservation, and demand response.

Siting Commission

Establishes an Energy Facilities Siting Commission to examine opportunities to maximize the development of clean and renewable generating facilities in the Commonwealth.

Municipal Light Companies

Allows communities with municipal light departments the option of contributing into and accessing benefits from the Renewable Energy Trust Fund.

State Building Construction

Requires DCAM to mandate that new construction or renovations of over \$25,000 of facilities owned or operated by the Commonwealth utilize energy efficiency, water conservation, or renewable technologies utilizing listed criteria.

Creates a simplified process for state agencies, building authorities, and municipalities to contract for small energy efficiency and solar PV projects.